

Progen \$40m (60%) Share Buyback at \$1.10

- Progen offers a voluntary \$40m share buy back at a price of \$1.10/share (equates to 36m shares or **60%** of the share register)
- **Record date** is 7.00pm Sydney time on **Thursday, 19 March 2009**
- General Meeting to approve Buy Back scheduled for Wednesday, 22 April 2009
- Final proxy vote counts from Avexa merger support yesterday's decision to withdraw from the merger

Brisbane, Australia, 10 March 2009: Progen Pharmaceuticals Limited ("Progen", ASX: PGL; NASDAQ: PGLA) has announced a \$40m buyback offer (60% of shares) at \$1.10 per share.

Buy Back Details

An Appendix 3C is attached.

Only those Progen Shareholders holding Progen Shares at 7.00pm Sydney time on Thursday 19 March 2009 and still holding Progen Shares at the time they lodge their acceptance notice may participate in the off market Buy Back Offer. US and other foreign holders will be able to participate.

As required by the Corporations Act, the Buy Back Offer must be approved by ordinary resolution of Shareholders.

The proposed timetable for the Buy Back Offer is set out below.

Event	Date
Record Date	7:00 pm Sydney time, Thursday 19 March 2009
Buy Back Offer Period opens	Monday 23 March 2009
General Meeting	Wednesday 22 April 2009
Buy Back Offer Period closes (acceptances to be received by 5:00 pm Sydney time)	Friday 24 April 2009
Announcement of buy back take up results	Thursday 30 April 2009
Despatch of cheques	Wednesday 6 May 2009

The timetable is subject to change.

Participation in the Buy Back Offer is voluntary. Eligible Progen Shareholders are not obliged to accept the Buy Back Offer.

If Progen receives acceptances for more than \$40m, the number of Progen Shares to be bought back from each Progen Shareholder will be scaled back on a pro rata basis having regard to the total number of acceptances.

The terms of the Buy Back Offer will be set out in a Buy Back Offer Booklet which will accompany the Notice of Meeting for the general meeting at which the Buy Back Offer will be considered by Shareholders. Progen will set out in the Buy Back Offer Booklet the information known to Progen that is material to a decision on how to vote on the resolution to approve the Buy Back Offer and information that is material to a decision on whether to accept the Buy Back Offer.

Progen Shareholder Choices

Assuming the \$40m (60%) share buyback is approved by Progen Shareholders at the general meeting on 22 April 2009, shareholders will have the following options:

- (a) Maintain their shareholding in Progen under its new strategy focussed around the regional commercialisation of PI-88 as well as its other earlier stage oncology assets.
- (b) Sell their shares into the buy back at a price of \$1.10 per share¹
- (c) Sell part of their shares into the buy back and maintain part of their shareholding in Progen.

Avexa Merger Proxies

Yesterday Progen announced that based on decisive and unambiguous Progen shareholder proxy voting results against the merger, Progen and Avexa have both agreed to withdraw from the proposed merger between the companies.

The final proxy vote count has now become available and continues to support this decision. 51% of the share register (30.8m shares) lodged their vote by proxy with 22% voting in favour of the merger and 74% voting against the merger (3% open).

We are led to understand that some of those shareholders who had voted against the merger want a larger amount of cash returned to shareholders and some wish to remain shareholders in a company focussed on commercialising PI-88 and its related compounds. Progen believes its strategy of returning \$40m in a voluntary share buy back balances the desire of the shareholders who are seeking a short-term cash return with the desire of shareholders who are seeking to ensure Progen continues with its plans to commercialise PI-88 and its related compounds.

About Progen

Progen Pharmaceuticals Limited is a biotechnology company committed to the discovery, development and commercialization of small molecule pharmaceuticals primarily for the treatment of cancer. Progen has built a focus and strength in anti-cancer drug discovery and development. Progen targets the multiple mechanisms of cancer across its three technology platforms of angiogenesis, epigenetics and cell proliferation. Progen has operations in Australia and the United States of America. www.progen-pharma.com

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This release contains forward-looking statements that are based on current management expectations. These statements may differ materially from actual future events or results due to certain risks and uncertainties, including without limitation, risks associated with drug development and manufacture, risks inherent in the extensive regulatory approval process mandated by, amongst others, the United States Food and Drug Administration and the Australian Therapeutic Goods Administration, delays in obtaining the necessary approvals for clinical testing, patient recruitment, delays in the conduct of clinical trials, market acceptance of PI-88, PG545, PG562, PG11047 and other drugs, future capital needs, general economic conditions, and other risks and uncertainties detailed from time to time in the Company's filings with the Australian Securities Exchange and the United States Securities and Exchange Commission. Moreover, there can be no assurance that others will not independently develop similar products or processes or design around patents owned or licensed by the Company, or that patents owned or licensed by the Company will provide meaningful protection or competitive advantages.

¹ The share buy back is subject to shareholder approval and a cap of \$40 million (approximately 60% of shares on issue). If the cap is exceeded shareholders will be scaled back on a pro-rata basis.

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity	ABN
Progen Pharmaceuticals Limited	82 010 975 612

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	Buy-back on equal access conditions
2	⁺ Class of shares which is the subject of the buy-back (eg, ordinary/preference)	Ordinary Shares
3	Voting rights (eg, one for one)	1:1
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully Paid
5	Number of shares in the ⁺ class on issue	60,545,131 (as at 6 March 2009)
6	Whether shareholder approval is required for buy-back	Yes
7	Reason for buy-back	Refer to ASX Announcement dated 9 March 2009.

⁺ See chapter 19 for defined terms.
Legal\108875879.1

Appendix 3C
Announcement of buy-back

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| 8 Any other information material to a shareholder's decision whether to accept the offer (<i>eg, details of any proposed takeover bid</i>) | Refer to ASX Announcements dated 9 and 10 March 2009.

Further information will be provided in a buy-back booklet to be lodged with the ASX before despatch to shareholders. |
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On-market buy-back

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| 9 Name of broker who will act on the company's behalf | N/A |
| 10 Deleted 30/9/2001. | |
| 11 If the company intends to buy back a maximum number of shares - that number

Note: This requires a figure to be included, not a percentage. | N/A |
| 12 If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention | N/A |
| 13 If the company intends to buy back shares if conditions are met - those conditions | N/A |

Employee share scheme buy-back

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| 14 Number of shares proposed to be bought back | N/A |
| 15 Price to be offered for shares | N/A |

⁺ See chapter 19 for defined terms.

Selective buy-back


- 16 Name of person or description of class of person whose shares are proposed to be bought back
- 17 Number of shares proposed to be bought back
- 18 Price to be offered for shares

Equal access scheme

- 19 Percentage of shares proposed to be bought back
- 20 Total number of shares proposed to be bought back if all offers are accepted
- 21 Price to be offered for shares
- 22 ⁺Record date for participation in offer
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:  Date: 10 March 2009
(Director/Company secretary)

Print name: John R. Lee

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⁺ See chapter 19 for defined terms.